



House of Representatives

General Assembly

File No. 176

January Session, 2007

Substitute House Bill No. 7297

House of Representatives, March 28, 2007

The Committee on Environment reported through REP. ROY, R. of the 119th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT ENHANCING CONNECTICUT AGRICULTURE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-107c of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2007*):

3 (a) An owner of land may apply for its classification as farm land on
4 any grand list of a municipality by filing a written application for such
5 classification with the assessor thereof not earlier than thirty days
6 before or later than thirty days after the assessment date, provided in a
7 year in which a revaluation of all real property in accordance with
8 section 12-62 becomes effective such application may be filed not later
9 than ninety days after such assessment date. The assessor shall
10 determine whether such land is farm land and, if such assessor
11 determines that it is farm land, he or she shall classify and include it as
12 such on the grand list. Such assessor shall not reclassify such land
13 classified as farm land based solely on a transfer of ownership of such
14 land, provided such land continues to be used for farming or
15 agricultural operations to the extent it had been used prior to such

16 transfer of ownership. In determining whether such land is farm land,
17 such assessor shall take into account, among other things, the acreage
18 of such land, the portion thereof in actual use for farming or
19 agricultural operations, the productivity of such land, the gross income
20 derived therefrom, the nature and value of the equipment used in
21 connection therewith, and the extent to which the tracts comprising
22 such land are contiguous.

23 (b) An application for classification of land as farm land shall be
24 made upon a form prescribed by the Commissioner of Agriculture and
25 shall set forth a description of the land, a general description of the use
26 to which it is being put, a statement of the potential liability for tax
27 under the provisions of sections 12-504a to 12-504f, inclusive, and such
28 other information as the assessor may require to aid the assessor in
29 determining whether such land qualifies for such classification.

30 (c) Failure to file an application for classification of land as farm
31 land within the time limit prescribed in subsection (a) of this section
32 and in the manner and form prescribed in subsection (b) of this section
33 shall be considered a waiver of the right to such classification on such
34 assessment list.

35 (d) Any person aggrieved by the denial of any application for the
36 classification of land as farm land shall have the same rights and
37 remedies for appeal and relief as are provided in the general statutes
38 for taxpayers claiming to be aggrieved by the doings of assessors or
39 boards of assessment appeals.

40 Sec. 2. (NEW) (*Effective July 1, 2007*) (a) There is hereby created a
41 body politic and corporate to be known as the "Center for Agricultural
42 Finance and Innovation, Incorporated". Such corporation is constituted
43 a public instrumentality and political subdivision of the state and the
44 exercise by the corporation of the powers conferred in this act shall be
45 deemed and held to be the performance of an essential public and
46 governmental function. The Center for Agricultural Finance and
47 Innovation, Incorporated shall not be construed to be a department,
48 institution or agency of the state.

49 (b) The corporation shall be governed by a board of fifteen directors.
50 Eight members shall be appointed by the Governor, at least six of
51 whom shall be knowledgeable and have favorable reputations for skill,
52 knowledge and experience, in agriculture, agricultural business or
53 agricultural finance. The Commissioner of Agriculture shall be a
54 member and shall have all of the powers and privileges of a member of
55 the board of directors. The Commissioner of Agriculture may
56 designate his or her deputy or any member of his or her staff to
57 represent him or her at meetings of the corporation with full power to
58 act and vote on his or her behalf. Six members shall be appointed as
59 follows: Two by the president pro tempore of the Senate, one by the
60 minority leader of the Senate, two by the speaker of the House of
61 Representatives and one by the minority leader of the House of
62 Representatives. Each member appointed by the Governor shall serve
63 at the pleasure of the Governor but no longer than the term of office of
64 the Governor or until the member's successor is appointed and
65 qualified, whichever is longer. Each member appointed by a member
66 of the General Assembly shall serve in accordance with the provisions
67 of section 4-1a of the general statutes. A director shall be eligible for
68 reappointment. The Governor shall fill any vacancy for the unexpired
69 term of a member appointed by the Governor. The appropriate
70 legislative appointing authority shall fill any vacancy for the unexpired
71 term of a member appointed by such authority.

72 (c) The chairperson of the board shall be appointed by the
73 Governor, with the advice and consent of both houses of the General
74 Assembly. The directors shall annually elect one of their number as
75 secretary. The board may elect such other officers of the board as it
76 deems proper. Members shall receive no compensation for the
77 performance of their duties but shall be reimbursed for necessary
78 expenses incurred in the performance thereof.

79 (d) Each director of the corporation before entering upon his duties
80 shall take and subscribe the oath or affirmation required by article
81 eleventh, section 1, of the State Constitution. A record of each such
82 oath or affirmation shall be filed in the office of the Secretary of the

83 State. The board of directors of the corporation shall adopt written
84 procedures, in accordance with the provisions of section 1-121 of the
85 general statutes, for: (1) Adopting an annual budget and plan of
86 operations, including a requirement of board approval before the
87 budget or plan may take effect; (2) hiring, dismissing, promoting and
88 compensating employees of the corporation, including an affirmative
89 action policy and a requirement of board approval before a position
90 may be created or a vacancy filled; (3) purchasing, leasing or acquiring
91 real and personal property and personal services, including a
92 requirement of board approval for any nonbudgeted expenditure in
93 excess of five thousand dollars; (4) contracting for financial, legal, bond
94 underwriting and other professional services, including a requirement
95 that the corporation solicit proposals at least once every three years for
96 each such service which it uses; (5) awarding loans, grants and other
97 financial assistance, including eligibility criteria, the application
98 process and the role played by the corporation's staff and board of
99 directors; and (6) the use of surplus funds to the extent authorized
100 under the provisions of the general statutes.

101 (e) The corporation shall have the authority to contract with the
102 Department of Agriculture for administrative or other services.

103 Sec. 3. (NEW) (*Effective July 1, 2007*) The Center for Agricultural
104 Finance and Innovation, Incorporated shall have perpetual succession
105 and shall adopt, amend and repeal bylaws for the conduct of its affairs.
106 Such succession shall continue until the existence of the corporation is
107 terminated by law, provided no such termination shall affect any
108 outstanding contractual obligation of the corporation to assist any
109 person and the state shall succeed to the obligations of the corporation
110 under such contract. Upon termination of the corporation, its rights
111 and properties shall pass to and be vested in the state.

112 Sec. 4. (NEW) (*Effective July 1, 2007*) (a) The powers of the Center for
113 Agricultural Finance and Innovation, Incorporated shall be vested in
114 and exercised by the board of directors. Eight members of the board
115 shall constitute a quorum and the affirmative vote of a majority of the

116 members present at a meeting of the board shall be necessary and
117 sufficient for any action taken by the board. No vacancy in the
118 membership of the board shall impair the right of a quorum to exercise
119 all the rights and perform all the duties of the board. Any action taken
120 by the board may be authorized by resolution at any regular or special
121 meeting and shall take effect immediately unless otherwise provided
122 in the resolution. Notice of any regular meeting shall be given in
123 writing, by telephone or orally, not less than forty-eight hours prior to
124 the meeting. Notice of any special meeting shall be given in accordance
125 with subsection (d) of section 1-225 of the general statutes.

126 (b) The board may delegate to three or more of its members such
127 board powers and duties as it may deem proper. At least one of such
128 members shall not be a state employee. The board shall establish such
129 committees, subcommittees or other entities as it deems necessary to
130 further the purposes of the corporation including, but not limited to, a
131 finance committee and one or more technical peer review committees.

132 Sec. 5. (NEW) (*Effective July 1, 2007*) The board shall appoint an
133 executive director of the Center for Agricultural Finance and
134 Innovation, Incorporated who shall not be a member of the board and
135 who shall serve at the pleasure of the board and shall receive such
136 compensation as shall be determined by the board. The executive
137 director shall direct and supervise administrative affairs and the
138 general management of the corporation. The executive director may
139 employ such other employees as shall be designated by the board of
140 directors; shall attend all meetings of the board and shall keep a record
141 of all proceedings and maintain and be custodian of all books,
142 documents and papers filed with the corporation and of the minute
143 book of the corporation and of its official seal. The executive director
144 may cause copies to be made of all minutes and other records and
145 documents of the corporation and may give certificates under the
146 official seal of the corporation to the effect that such copies are true
147 copies, and all persons dealing with the corporation may rely upon
148 such certificates. The executive director or the executive director's
149 designee may serve as a member of such other boards or committees

150 as may be necessary or desirable to carry out the purposes of the
151 corporation.

152 Sec. 6. (NEW) (*Effective July 1, 2007*) The purposes of the Center for
153 Agricultural Finance and Innovation, Incorporated shall be to provide
154 financing for agricultural business development to encourage
155 agricultural business growth and innovation, to encourage the creation
156 and transfer of new agricultural technologies, to assist existing
157 agricultural businesses in adopting current and innovative
158 technological processes, to stimulate and provide services to
159 agricultural industry that will advance the adoption and utilization of
160 agricultural technology, to achieve improvements in the quality of
161 agricultural products and services, to stimulate and encourage the
162 development and operation of new and existing agricultural business
163 incubator facilities and to promote agricultural science and other
164 disciplines that are essential to the development and application of
165 agricultural technology within Connecticut by the infusion of financial
166 aid for research, invention and innovation in situations in which such
167 financial aid would not otherwise be reasonably available from
168 commercial or other sources, and for these purposes the corporation
169 shall have the following powers:

170 (1) To have perpetual succession as a body corporate and to adopt
171 bylaws, policies and procedures for the regulation of its affairs and
172 conduct of its businesses as provided in section 32-36 of the general
173 statutes;

174 (2) To enter into venture agreements with persons, upon such terms
175 and on such conditions as are consistent with the purposes of this act,
176 for the advancement of financial aid to such persons for the research,
177 development and application of specific technologies, products,
178 procedures, services and techniques, to be developed and produced in
179 this state, and to condition such agreements upon contractual
180 assurances that the benefits of increasing or maintaining employment
181 and tax revenues shall remain in this state and shall accrue to it;

182 (3) To solicit, receive and accept aid, grants or contributions from

183 any source of money, property or labor or other things of value, to be
184 held, used and applied to carry out the purposes of this section, subject
185 to the conditions upon which such grants and contributions may be
186 made, including, but not limited to, gifts or grants from any
187 department or agency of the United States or the state;

188 (4) To invest in, acquire, lease, purchase, own, manage, hold and
189 dispose of real property and lease, convey or deal in or enter into
190 agreements with respect to such property on any terms necessary or
191 incidental to the carrying out of these purposes; provided all such
192 acquisitions of real property for the corporation's own use with
193 amounts appropriated by the state to the corporation or with the
194 proceeds of bonds supported by the full faith and credit of the state
195 shall be subject to the approval of the Secretary of the Office of Policy
196 and Management and the provisions of section 4b-23 of the general
197 statutes;

198 (5) To borrow money or to guarantee a return to the investors in or
199 lenders to any capital initiative, to the extent permitted under this act;

200 (6) To hold patents, copyrights, trademarks, marketing rights,
201 licenses, or any other evidences of protection or exclusivity as to any
202 products as defined herein, issued under the laws of the United States
203 or any state or any nation;

204 (7) To employ such assistants, agents and other employees as may
205 be necessary or desirable, which employees shall be exempt from the
206 classified service and shall not be employees, as defined in subsection
207 (b) of section 5-270 of the general statutes; establish all necessary or
208 appropriate personnel practices and policies, including those relating
209 to hiring, promotion, compensation, retirement and collective
210 bargaining, which need not be in accordance with chapter 68 of the
211 general statutes, and the corporation shall not be an employer as
212 defined in subsection (a) of section 5-270 of the general statutes; and
213 engage consultants, attorneys and appraisers as may be necessary or
214 desirable to carry out its purposes in accordance with this section;

215 (8) To make and enter into all contracts and agreements necessary or
216 incidental to the performance of its duties and the execution of its
217 powers under this section;

218 (9) To sue and be sued, plead and be impleaded, adopt a seal and
219 alter the same at pleasure;

220 (10) With the approval of the State Treasurer, to invest any funds
221 not needed for immediate use or disbursement, including any funds
222 held in reserve, in obligations issued or guaranteed by the United
223 States of America or the state of Connecticut and in other obligations
224 which are legal investments for retirement funds in this state;

225 (11) To procure insurance against any loss in connection with its
226 property and other assets in such amounts and from such insurers as it
227 deems desirable;

228 (12) To the extent permitted under its contract with other persons, to
229 consent to any termination, modification, forgiveness or other change
230 of any term of any contractual right, payment, royalty, contract or
231 agreement of any kind to which the corporation is a party;

232 (13) To acquire, lease, purchase, own, manage, hold and dispose of
233 personal property, and lease, convey or deal in or enter into
234 agreements with respect to such property on any terms necessary or
235 incidental to the carrying out of these purposes;

236 (14) In connection with any application for assistance under this
237 section, or commitments therefor, to make and collect such fees as the
238 corporation shall determine to be reasonable;

239 (15) To enter into venture agreements with persons, upon such
240 terms and conditions as are consistent with the purposes of this
241 chapter to provide financial aid to such persons for the marketing of
242 new and innovative agricultural products and services based on the
243 use of a specific technology, product, device, technique, service or
244 process;

245 (16) To enter into limited partnerships or other contractual
246 arrangements with private and public sector entities as the corporation
247 deems necessary to provide financial aid which shall be used to make
248 investments of seed venture capital in agricultural companies based in
249 or relocating to the state in a manner which shall foster additional
250 capital investment, the establishment of new agricultural businesses,
251 the creation of new agricultural jobs and additional commercially-
252 oriented research and development activity. The repayment of such
253 financial aid shall be structured in such manner as the corporation
254 deems will best encourage private sector participation in such limited
255 partnerships or other arrangements. The board of directors, executive
256 director, officers and staff of the corporation may serve as members of
257 any advisory or other board which may be established to carry out the
258 purposes of this subdivision;

259 (17) To account for and audit funds of the corporation and funds of
260 any recipients of financial aid from the corporation;

261 (18) To advise the Governor, the General Assembly, and the
262 Commissioner of Agriculture on matters relating to agriculture and
263 agricultural technology which may have an impact on state policies,
264 programs, employers and residents, and on job creation and retention;

265 (19) To promote agriculture-based development in the state;

266 (20) To encourage and promote the establishment of and, within
267 available resources, to provide financial aid to advance agricultural
268 businesses;

269 (21) To maintain an inventory of data and information concerning
270 state and federal programs which are related to the purposes of this act
271 and to serve as a clearinghouse and referral service for such data and
272 information;

273 (22) To conduct and encourage research and studies relating to
274 agricultural development;

275 (23) To encourage and provide technical assistance and, within

276 available resources, to provide financial aid to existing agricultural
277 businesses in the process of adopting innovative technology and new
278 state-of-the-art processes and techniques;

279 (24) To recommend state goals for agricultural development and to
280 establish policies and strategies for developing and assisting
281 agriculture-based companies;

282 (25) To promote and encourage and, within available resources, to
283 provide financial aid for the establishment, maintenance and operation
284 of agriculture related incubator facilities;

285 (26) To promote and encourage the coordination of public and
286 private resources and activities within the state in order to assist
287 agriculture-based entrepreneurs and business enterprises;

288 (27) To provide services to agricultural industry that will stimulate
289 and advance the adoption and utilization of technology and achieve
290 improvements in the quality of products and services;

291 (28) To promote agricultural science and other agriculture related
292 disciplines that are essential to the development and application of
293 agricultural technology;

294 (29) To do all acts and things necessary and convenient to carry out
295 the purposes of this section;

296 (30) To accept from the Department of Agriculture: (A) Financial
297 assistance, (B) revenues or the right to receive revenues with respect to
298 any program under the supervision of the department, and (C) loan
299 assets or equity interests in connection with any program under the
300 supervision of the department; to make advances to and reimburse the
301 department for any expenses incurred or to be incurred by it in the
302 delivery of such assistance, revenues, rights, assets, or interests; to
303 enter into agreements for the delivery of services by the corporation, in
304 consultation with the department, to third parties which agreements
305 may include provisions for payment by the department to the
306 corporation for the delivery of such services; and to enter into

307 agreements with the department for the sharing of assistants, agents
308 and other consultants, professionals and employees, and facilities and
309 other real and personal property used in the conduct of the
310 corporation's affairs;

311 (31) To transfer to the Department of Agriculture: (A) Financial
312 assistance, (B) revenues or the right to receive revenues with respect to
313 any program under the supervision of the corporation, and (C) loan
314 assets or equity interests in connection with any program under the
315 supervision of the corporation, provided the transfer of such financial
316 assistance, revenues, rights, assets or interests is determined by the
317 corporation to be practicable, within the constraints and not
318 inconsistent with the fiduciary obligations of the corporation imposed
319 upon or established upon the corporation by any provision of the
320 general statutes, the corporation's bond resolutions or any other
321 agreement or contract of the corporation and to have no adverse effect
322 on the tax-exempt status of any bonds of the state;

323 (32) With respect to any capital initiative, to create, with one or more
324 persons, one or more affiliates and to provide, directly or indirectly, for
325 the contribution of capital to any such affiliate, each such affiliate being
326 expressly authorized to exercise on such affiliate's own behalf all
327 powers which the corporation may exercise under this section, in
328 addition to such other powers provided to it by law;

329 (33) To provide financial aid to enable agricultural technology
330 companies to lease, acquire, construct, maintain, repair, replace or
331 otherwise obtain and maintain production, testing, research,
332 development, manufacturing, laboratory and related other facilities,
333 improvements and equipment; and

334 (34) To provide financial aid to persons developing agricultural
335 business incubator facilities.

336 Sec. 7. Subsection (l) of section 1-79 of the general statutes is
337 repealed and the following is substituted in lieu thereof (*Effective July*
338 *1, 2007*):

339 (l) "Quasi-public agency" means the Center for Agricultural Finance
340 and Innovation, Incorporated, the Connecticut Development
341 Authority, Connecticut Innovations, Incorporated, Connecticut Health
342 and Education Facilities Authority, Connecticut Higher Education
343 Supplemental Loan Authority, Connecticut Housing Finance
344 Authority, Connecticut Housing Authority, Connecticut Resources
345 Recovery Authority, Lower Fairfield County Convention Center
346 Authority, Capital City Economic Development Authority and
347 Connecticut Lottery Corporation.

348 Sec. 8. Section 1-120 of the general statutes is repealed and the
349 following is substituted in lieu thereof (*Effective July 1, 2007*):

350 As used in sections 1-120 to 1-123, inclusive:

351 (1) "Quasi-public agency" means the Center for Agricultural Finance
352 and Innovation, Incorporated, the Connecticut Development
353 Authority, Connecticut Innovations, Incorporated, Connecticut Health
354 and Educational Facilities Authority, Connecticut Higher Education
355 Supplemental Loan Authority, Connecticut Housing Finance
356 Authority, Connecticut Housing Authority, Connecticut Resources
357 Recovery Authority, Capital City Economic Development Authority
358 and Connecticut Lottery Corporation.

359 (2) "Procedure" means each statement, by a quasi-public agency, of
360 general applicability, without regard to its designation, that
361 implements, interprets or prescribes law or policy, or describes the
362 organization or procedure of any such agency. The term includes the
363 amendment or repeal of a prior regulation, but does not include,
364 unless otherwise provided by any provision of the general statutes, (A)
365 statements concerning only the internal management of any agency
366 and not affecting procedures available to the public and (B) intra-
367 agency memoranda.

368 (3) "Proposed procedure" means a proposal by a quasi-public
369 agency under the provisions of section 1-121 for a new procedure or
370 for a change in, addition to or repeal of an existing procedure.

371 Sec. 9. (*Effective July 1, 2007*) (a) The State Building Inspector and the
 372 Commissioner of Agriculture shall study the feasibility of creating and
 373 implementing a State Building Code for Agriculture for the purpose of
 374 recognizing the unique needs and uses of agricultural buildings. In
 375 conducting such study, the State Building Inspector and the
 376 commissioner shall consult with representatives from the Connecticut
 377 Farm Bureau and the Connecticut Green Industries Coalition.

378 (b) On or before January 1, 2008, the State Building Inspector and
 379 the Commissioner of Agriculture shall submit a report of their findings
 380 and recommendations to the joint standing committees of the General
 381 Assembly having cognizance of matters relating to agriculture and
 382 public safety.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2007</i>	12-107c
Sec. 2	<i>July 1, 2007</i>	New section
Sec. 3	<i>July 1, 2007</i>	New section
Sec. 4	<i>July 1, 2007</i>	New section
Sec. 5	<i>July 1, 2007</i>	New section
Sec. 6	<i>July 1, 2007</i>	New section
Sec. 7	<i>July 1, 2007</i>	1-79(l)
Sec. 8	<i>July 1, 2007</i>	1-120
Sec. 9	<i>July 1, 2007</i>	New section

ENV *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
Department of Agriculture	Various - See Below	See Below	See Below
Department of Revenue Services	GF - None	None	None

Note: GF=General Fund

Municipal Impact: None

Explanation

The fiscal impact of the bill cannot be determined at this time because no direct funding mechanism (such as an appropriation or bond authorization) is provided for the new quasi-public agency, the Center for Agricultural Finance and Innovation, Inc. created in the bill. Any impact will be contingent upon whatever funding is provided to the new quasi-public from the sources outlined in the bill. Any cost to the Department of Agriculture (DOAG) for administrative or other services to be provided will depend upon the provisions of any agreement between the quasi-public and the department. The DOAG currently has no available resources for this purpose.

It is anticipated that requiring the DOAG to study the feasibility of creating and implementing a state building code for agriculture will require the diversion of staff away from current duties or additional minimal resources.

The bill is not anticipated to have a fiscal impact to the real estate conveyance tax or the local property tax as a result of modifying the laws pertaining to classification of farm land when it is transferred to a new owner.

The Out Years

Any out year costs are indeterminate at this time.

OLR Bill Analysis**sHB 7297*****AN ACT ENHANCING CONNECTICUT AGRICULTURE.*****SUMMARY:**

This bill establishes a new quasi-public agency, the Center for Agricultural Finance and Innovation, Inc. (CAFI). It details CAFI's purposes, duties, and powers to provide financing for agricultural business development, growth, and innovation.

The bill establishes a board of directors, which controls CAFI. The board must appoint an executive director, who is not a member of the board, to handle CAFI's administrative affairs and general management. It stipulates that CAFI exists continuously until it is terminated by law; has perpetual succession; and must adopt, amend, and repeal bylaws for conducting its affairs.

The bill changes a provision of the law that requires towns to assess farmland at its actual use value (i.e., a lower assessment) as farmland, which is part of what is known as the "490" program. Under current law, farmland classification terminates when the land is transferred and the new owner, if maintaining the property for agricultural purposes, must reapply for the classification. The bill instead prohibits a town's tax assessor from reclassifying farmland based solely on a ownership transfer, if the new owner continues to use the land for farming or agricultural operations to the extent it had been used before the ownership transfer (i.e., continues the agricultural operations at the same level as under the previous owner).

The bill also requires the state building inspector and the agriculture commissioner to study the feasibility of creating and implementing a state building code for agriculture. In conducting the study, the state building inspector and the commissioner must consult with

representatives from the Connecticut Farm Bureau and the Connecticut Green Industries Coalition. Under the bill, the code's purpose is to recognize the unique needs and uses of agricultural buildings.

The bill requires the state building inspector and the agriculture commissioner to submit a report of their findings and recommendations by January 1, 2008 to the Environment and Public Safety and Security committees.

The bill also makes conforming changes.

EFFECTIVE DATE: July 1, 2007

§ 6 - PURPOSES

CAFI's purpose is to provide financing to:

1. encourage agricultural business growth and innovation;
2. encourage the creation and transfer of new agricultural technology;
3. assist existing agricultural businesses in adopting current and innovative technological processes;
4. stimulate and provide services to agricultural industry that will advance the adoption and use of agricultural technology;
5. improve the quality of agricultural products and services;
6. stimulate and encourage the development and operation of new and existing agricultural business incubator facilities; and
7. promote agricultural science and other disciplines essential to the development and application of agricultural technology within Connecticut by providing financial aid for research, invention, and innovation in situations in which such aid would not otherwise be reasonably available from other sources.

§§ 2, 4, & 5 - CAFI BOARD

A 15-member board of directors governs CAFI. The governor appoints eight members, at least six of whom must be knowledgeable and have a favorable reputation for skill, knowledge, and experience, in agriculture, agricultural business, or agricultural finance.

The agriculture commissioner is a member and has all of the powers and privileges of board members. He may designate a deputy or any member of his staff to represent him at CAFI meetings. The designee has full power to act and vote on his behalf.

Six other members are appointed as follows: two each by the Senate president pro tempore and the House speaker and one each by the Senate and House minority leaders.

Each appointed member serves at the pleasure of and coterminous with his or her appointing authority, or until the member's successor is appointed and qualified, whichever is longer.

Board members are eligible for reappointment. The governor must fill any vacancy for the unexpired term of a member she appointed. The appropriate legislative appointing authorities must fill any vacancy for the unexpired term of a member they appointed.

§ 2 – Chairperson and Board Oaths

The governor appoints the board's chairperson, with the advice and consent of both houses of the General Assembly. The board members must annually elect one of the board members as secretary and may elect other officers as they deem proper. Members receive no compensation for performing their duties, but are reimbursed for necessary expenses.

Each board member must take and subscribe the oath of affirmation required by the state constitution before taking office. A record of each such oath or affirmation must be filed in the Secretary of State's Office. The board of directors of the corporation must adopt written procedures for (1) adopting an annual budget and plan of operations,

including a requirement of board approval before the budget or plan may take effect; (2) hiring, dismissing, promoting, and compensating employees of the corporation; (3) awarding grants and loans; and (4) various other aspects involved in running CAFI.

CAFI has the authority to contract with the Agriculture Department for administrative or other services.

§ 4 - Board Members, Quorum, and Structure

CAFI powers are vested in and exercised by the board of directors. Eight board members constitute a quorum and the affirmative vote of a majority of the members present at a board meeting is necessary and sufficient for any board action. No vacancy in board membership can impair the right of a quorum to exercise all the rights and perform all the board's duties. Any action the board takes may be authorized by resolution at any regular or special meeting and takes effect immediately, unless otherwise provided in the resolution. Notice of any regular meeting must be given in writing, by telephone, or orally, at least 48 hours before the meeting. Notice of any special meeting must be given in accordance with the law.

The board may establish committees, subcommittees, or other entities necessary to further CAFI's purposes, including a finance committee and one or more technical peer review committees. The board may delegate powers and duties to three or more of its members. At least one of these members must not be a state employee.

§ 5 - Executive Director

The board must appoint a CAFI executive director who must direct and supervise its administrative affairs and general management. The director cannot be a board member and serves at the board's pleasure.

The executive director:

1. receives compensation as the board determines;
2. can employ others as the board designates;

3. must attend all board meetings and (a) keep a record of all CAFI proceedings and (b) maintain and be custodian of all books, documents, papers filed with CAFI, minutes, and the official seal;
4. can make copies of all minutes and other records and documents of the corporation and may certify under CAFI's official seal that the copies are true, and all people dealing with the corporation may rely upon such certificates; and
5. can serve, or have his designee serve, as a member other boards or committees as may be necessary or desirable to carry out CAFI's purposes.

§§ 3 & 6 - CAFI POWERS

To carry out its purposes, the bill gives CAFI's board the power to undertake the things necessary to achieve its goals.

Organizational and Administrative

CAFI can:

1. have employees who are exempt from the classified service and are not to be considered state union employees; establish all necessary or appropriate personnel practices and policies, which need not be in accordance with state employee collective bargaining laws, and engage consultants, attorneys and appraisers as may be necessary or desirable to carry out its purposes in accordance with this chapter;
2. make and collect fees, as the corporation determines are reasonable, in connection with any application for assistance or commitments it has;
3. account for and audit funds of the corporation and funds of any recipients of financial aid from the corporation; and
4. advise the governor, General Assembly, and agriculture commissioner on matters relating to agriculture and agricultural

technology that may have an impact on state policies, programs, employers and residents, and on job creation and retention.

Financing

CAFI can:

1. enter into venture agreements with people to provide (a) them with financial aid to research, develop, and apply specific technologies, products, procedures, services and techniques to be developed and produced in this state, and to ensure contractually that the benefits of increasing or maintaining employment and tax revenue remain in this state and accrue to it and (b) financial aid for marketing new and innovative agricultural products and services based on the use of a specific technology, product, device, technique, service or process;
2. promote and encourage and, within available resources, provide financial aid for the establishment, maintenance, and operation of agriculture-related incubator facilities; promote and encourage the coordination of public and private state resources and activities in order to assist agriculture-based entrepreneurs and business enterprises; and provide financial aid to enable agricultural technology companies to obtain and maintain production, testing, research, development, manufacturing, laboratory and related other facilities, improvements, and equipment.
3. obtain aid, grants, or contributions from any money source, property, or labor or other things of value, to be used to benefit agricultural business development, and its growth and innovation;
4. borrow money or guarantee a return to the investors in or lenders to any capital initiative, to the extent permitted under this bill;
5. invest, with the approval of the state treasurer, any funds not

needed for immediate use or disbursement;

6. enter into limited partnerships or other contractual arrangements with private and public sector entities to provide financial aid to make investments of seed venture capital in agricultural companies based in, or relocating to, the state to foster additional capital investment, the establishment of new agricultural businesses, the creation of new agricultural jobs, and additional commercially oriented research and development activity;
7. encourage and promote the establishment of and, within available resources, provide financial aid to advance agricultural businesses; and
8. with respect to any capital initiative, create and provide funding to the affiliates, which are authorized to exercise on its behalf all powers that the corporation may exercise under the bill.

Legal

CAFI can:

1. obtain an interest in real or personal property and acquire, lease, purchase, own, manage, hold and dispose of real or personal property, and lease, convey or deal in or enter into agreements with respect to the property on any terms necessary or incidental to carry out these actions; if the corporation attempts to acquire real property for its use with state-appropriated funds or with bond proceeds supported by the state's full faith and credit, such a transaction is subject to the Office of Policy and Management secretary's approval and the law pertaining to state property;
2. hold evidence of protection or exclusivity (e.g., patents or copyrights) for any products issued under any federal, state, or other country's laws;

3. make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers and consent to any termination, modification, forgiveness, or other change of any contractual right;
4. sue and be sued, plead and be impleaded (i.e., to sue or prosecute at law) and to adopt a seal and alter the same at its pleasure; and
5. obtain insurance against any loss of property and other assets in amounts and from insurers it deems desirable.

Service and Research

CAFI can:

1. maintain an inventory of data and information concerning state and federal programs that are related to expanding and supporting agriculture and to serve as a clearinghouse and referral service for the data and information,
2. conduct and encourage research and studies relating to agricultural development and promote agricultural science and related disciplines essential to development and application of agricultural technology,
3. encourage and provide technical to existing agricultural businesses in the process of adopting innovative technology and new state-of-the-art processes and techniques,
4. recommend state goals for agricultural development and to establish policies and strategies for developing and assisting agriculture-based companies, and
5. provide services to agricultural industry that will stimulate and advance the adoption and utilization of technology and achieve improvements in products' and services' quality.

Agriculture Department

CAFI can:

1. accept from, or transfer to, the Agriculture Department: (a) financial assistance, (b) revenue or the right to receive revenue with respect to any program under the department's supervision, and (c) loan assets or equity interests for any program under the department's supervision and to make advances to and reimburse the department for any expenses incurred or to be incurred by it in the delivery of the same;
2. enter into agreements for the delivery of services by CAFI, in consultation with the department, to third parties;
3. enter into agreements with the department to share assistants, agents and other consultants, professionals and employees, and facilities and other real and personal property used in the conduct of the corporation's affairs; and
4. transfer to the department loan assets or equity interests in connection with any program under the supervision of the corporation, under certain circumstances.

490 PROGRAM AND CLASSIFICATION

The law requires assessors to determine the value of 490 farmland based solely on how it is being used (i.e., current use value) without regard to its potential resale or fair market value (i.e., the highest and best use one can make of undeveloped land). The farmer must apply for this determination and the assessor must find that the land is used for agricultural purposes (CGS § 12-107c).

Under current law, the classification terminates when (1) the land's use is changed to something other than was described in the owner's application or (2) the land is sold or transferred. The bill allows the classification to remain if the person to whom the land is transferred maintains it at the same level of agricultural use.

By law, the town clerk must notify the assessor of the sale of any

land that is in the program when the sale is filed in the land records. Upon receiving the notice, the assessor must notify the new owner of the tax benefits of participating in the program. Current law requires the filing of a revised program application with the assessor whenever ownership of land in the program changes. This would be unnecessary under the bill for those that maintain the agricultural use of the previous owner.

Conveyance Tax

With certain exceptions, the law imposes a conveyance tax on farmland in the 490 program that is sold or transferred within 10 years of its classification. The tax is 10% if the land is sold in the first year following its classification, and decreases by 1% per year. The law also imposes the tax based on sales or transfers within 10 years if a person other than the owner caused the land to be classified as open space or farm or forest land. Presumably, under the bill, the new owner in a transfer case in which the new owner maintains the same level of agriculture activity is subject to the same conveyance tax penalty. It is not clear if the penalty amount, which would be assessed if the person to whom the land was transferred under the bill eventually sells the land or changes its use to a nonagricultural one, continues from the point at which it was transferred or if the clock starts again at 10 years.

The law bases the tax on the property's fair market value as determined in conjunction with the most recent revaluation (CGS §§ 12-504a-f).

COMMITTEE ACTION

Environment Committee

Joint Favorable Substitute

Yea 27 Nay 3 (03/12/2007)